

**FINANCIAL INDUSTRY REGULATORY AUTHORITY
OFFICE OF HEARING OFFICERS**

Department of Enforcement,
Complainant,

v.

David Chris Rice
Registered Representative
CRD No. 1855792

Respondent.

Disciplinary Proceeding
No. E062004031301

Hearing Officer AWH

**ORDER ACCEPTING OFFER OF
SETTLEMENT**

Date: October 18, 2007

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REGISTRATION & DISCLOSURE

INTRODUCTION

Disciplinary Proceeding No. E062004031301 was filed on March 8, 2007, by the Department of Enforcement of the Financial Industry Regulatory Authority ("FINRA"). ("Complainant"). Respondent David Chris Rice submitted an Offer of Settlement ("Offer") to Complainant on October 2, 2007. Pursuant to NASD Rule 9270(e), the Complainant and the National Adjudicatory Council ("NAC"), a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA") have accepted the uncontested Offer. Accordingly, this Order now is issued pursuant to NASD Rule 9270(e)(3). The findings, conclusions and sanctions set forth in this Order are those stated in the Offer as accepted by the Complainant and approved by the NAC.

Under the terms of the Offer, Respondent has consented, without admitting or denying the allegations of the Complaint, and solely for the purposes of this proceeding and any other

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proceeding brought by or on behalf of FINRA, or to which FINRA is a party, to the entry of findings and violations consistent with the allegations of the Complaint, and to the imposition of the sanctions set forth below, and fully understands that this Order will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by FINRA.

BACKGROUND

Respondent David Chris Rice entered the securities industry in July 1988 as a General Securities Representative. In July 2001, he became registered with GunnAllen Financial, Inc., a member of FINRA, as a General Securities Representative. On August 4, 2004, Rice terminated his employment with GunnAllen Financial and since that time he has not been registered with any other FINRA member firm.

On March 11, 2005, less than two years after Rice terminated his employment with GunnAllen Financial, GunnAllen Financial amended Rice's Form U-5 to reflect that the firm had received a complaint from customer G. A., and a complaint from customers R.V. and L.V. FINRA (f/k/a NASD) investigated the complaints filed by the aforementioned customers, and in connection with that investigation, Enforcement initiated this disciplinary action.

NASD retained jurisdiction against Rice pursuant to Article V, Section 4 of the NASD By-Laws, which provides that any amendment which is filed within two years of the original notice of termination, and which discloses conduct actionable under any applicable statute, rule, or regulation, shall operate to recommence the running of the two year period of jurisdiction. The Form U-5 amendment referenced above was filed within two years of Rice's original notice of termination, and the amendment disclosed that Rice may have

engaged in conduct actionable under FINRA rules. Because GunnAllen Financial filed the amendment on March 11, 2005, FINRA retained jurisdiction over Rice until March 9, 2007. This complaint against Rice was timely filed because it was filed prior to March 9, 2007. Therefore, FINRA has jurisdiction over Rice during the pendency of this proceeding.

FINDINGS AND CONCLUSIONS

It has been determined that the Offer be accepted and that findings be made as follows:

1. In May 2002, Respondent David Chris Rice opened an account for Customer G. A. at member firm GunnAllen Financial. At that time, G. A. was 69 years old, single, and retired. Her annual income was \$40,000 and her net worth, excluding her residence, was approximately \$245,000. G. A.'s account was a non-discretionary account.
2. From about April 2004 through about May 2004, Rice effected approximately 39 securities transactions in G. A.'s account. Rice used discretion to effect these transactions; however, he never reduced his use of discretion to writing and his firm never accepted G. A.'s account as discretionary. In fact, GunnAllen Financial did not permit discretionary accounts.
3. During 2001 and 2002, Rice opened two joint accounts for customers R. V. and L. V. at GunnAllen Financial. At that time, the customers' combined annual income was approximately \$110,000 and their combined net worth, exclusive of their residence, was approximately \$200,000. R. V.'s and L.V.'s joint accounts were non-discretionary.
4. From about December 2001 through about May 2004, Rice used discretion to effect a total of 500 securities transactions in the joint accounts of R. V. and L.V. Rice never reduced his use of discretion to writing and his firm never accepted the customers'

accounts as discretionary. GunnAllen Financial did not permit discretionary accounts.

5. Such acts, practices, and conduct constitute separate and distinct violations of NASD Conduct Rules 2110 and 2510 by Respondent David Chris Rice.

Based on the foregoing, Respondent violated NASD Conduct Rules 2110 and 2510(b).

Based on these considerations, the sanctions hereby imposed by the acceptance of the Offer are in the public interest, are sufficiently remedial to deter Respondent from any future misconduct, and represent a proper discharge by FINRA, of its regulatory responsibility under the Securities Exchange Act of 1934.

SANCTIONS

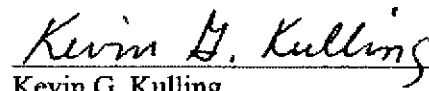
It is ordered that Respondent be suspended from association with any FINRA member in any capacity for a period of thirty (30) business days and fined in the amount of \$10,000.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

SO ORDERED.

FINRA

Signed on behalf of the
Director of ODA, by delegated authority


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